



*Report to the
Auburn City Council*

Action Item

8

Agenda Item No.

City Manager Approval

To: City Council Members
From: Mayor Kevin Hanley
Date: December 3, 2012
Subject: Transparency in Bargaining

The Issue

Shall the City Council direct staff to report back to the City Council with an analysis of a potential "Transparency in Bargaining" policy for the City of Auburn based on the experience of other local governments in California and whether it could benefit city employees and the residents of Auburn?

Conclusion and Recommendation

BY MOTION, direct staff to report back to the City Council with an analysis of a potential "Transparency in Bargaining" policy for the City of Auburn based on the experience of other local governments in California and whether it could benefit city employees and the residents of Auburn.

Background

One of the most important responsibilities of the Auburn City Council is to negotiate and implement Memorandums of Understanding (MOUs) with city employee bargaining units that are fiscally prudent, good for retaining and attracting smart and hard-working employees and result in maximizing the level of municipal services provided to Auburn residents.

I believe that adopting a city policy that provides more sunshine and transparency in the collective bargaining process could benefit city employees and Auburn residents.

The City of Auburn spends, like most municipal governments, about 70 to 75 cents out of every tax dollar on employee wages and benefits every year. As seen in the recent municipal bankruptcy cases in California, cities that adopt MOUs that cannot be paid for in the future end up firing employees, including police officers and firefighters, and thereby end up lowering the level of municipal services provided to residents. One set of city council members can sometimes create a financial mess that a future set of city council members will have to clean up. In these situations, the residents always lose. More sunshine and public review is the answer. Adopting a city policy that requires that each agreed-upon MOU be accompanied by a fiscal impact analysis (1 and 5 year projections at minimum) and that is approved by the City Council only after a minimum two-week public review period can help ensure fiscal responsibility.

As seen in Attachment A, I'm putting forth this idea based on the adopted policy by the City of Chico. Chico's "Transparency in Bargaining" policy creates a process with three elements: (1)

Sunshine the initial proposal of the bargaining groups along with the fiscal impact on the City Council agendas; (2) Continue negotiations behind closed doors with status reports to the Council in closed session; (3) Following the conclusion of the negotiation process, staff is to provide a two-week review period of the proposals (including fiscal impacts) prior to final action being taken by the Council at a subsequent meeting with the item placed on the Regular Agenda.

I believe that the City of Auburn should consider adopting Chico's policy with one additional suggestion. Currently, city staff does provide a Fiscal Impact for each MOU when it appears on the City Council agenda, however, the cost impact is usually for the current and next fiscal year. I think that we should have a policy that requires staff to also include, at minimum, their best estimate of the costs five years into the future that is based on best and worst case scenarios.

I would like staff to report back to the City Council with their views on how a "Transparency in Bargaining" policy could operate in Auburn and whether it could benefit city employees and the residents of Auburn.

Alternatives Available to Council; Implications of Alternatives

Keep the current bargaining process in place, which allows transparency of the bargaining proposals only if agreed to by both the City Council and the negotiators of the specific bargaining unit.

Fiscal Impact

No impact on the budget.

Attachment

- A. Internal Affairs Agenda Report, City of Chico



Internal Affairs Agenda Report

Meeting Date: 10/09/2012

TO: Internal Affairs Committee
FROM: HR/RM Director David Koll
RE: Transparency in Bargaining

REPORT IN BRIEF:

At the September 11, 2012, Internal Affairs Committee meeting, a verbal report was given by HR/RM Director David Koll recommending that the "Transparency in Bargaining" process be continued. The Committee had directed that an 18-month review be conducted to determine if any changes were needed or if the process should continue.

The Internal Affairs Committee requested a written synopsis of past meetings to be presented at the October 9, 2012, meeting. Below is a timeline highlighting those meetings and actions taken.

Recommendation:

The Human Resources/Risk Management Director recommends that the Internal Affairs Committee accept the summary report and forward to Council a recommendation to continue the current "Transparency in Bargaining" process and formalize it through incorporation into the City's budget policies.

FISCAL IMPACT:

N/A

BACKGROUND:

On April 1, 2008, at a Regular Chico City Council meeting, a motion was made and passed to "consider revising the process of negotiation pay and benefit changes between bargaining units and the City of Chico, requiring each party to publicly disclose all proposed changes and/or increases at the beginning of the process". The motion was made and seconded to refer this request to the Internal Affairs Committee for discussion.

On June 16, 2008, at the Internal Affairs Committee meeting, the issue was discussed under item B.: "Consideration of a Request to Discuss Transparency in the Negotiations Process". The HR director provided an analysis of the city's transparency in bargaining, and the results of a statewide survey discussing publication or "sunshining" of initial proposals. The HR director recommended that a modification of the process for MOU approval be adopted, which places newly proposed labor agreements on the "regular" agenda, rather than the "consent" agenda, to allow for public input to the negotiation process. Council suggested adding a fiscal analysis as part of the proposal when it goes to the Council. The Finance Director stated that they would be able to provide the fiscal analysis at the initial and final proposal. A motion was made to:

- 1) Sunshine the initial proposal and include the fiscal impact,
- 2) Continue negotiations behind closed doors with status reports to the Council in closed session,
- 3) After final approval by Council, formal adoption of the proposal including fiscal impact would be placed on the Council's regular agenda.

On September 16, 2008, at a Regular Chico City Council meeting, the issue of "transparency" was discussed under item 4.1: "Consideration of the Internal Affairs Committee Recommendation Regarding the Implementation of "Sunshine" and "Transparency" as part of the Negotiations Process".

The Internal Affairs committee recommended that for future bargaining the City adopt a policy to:

- 1) Sunshine the initial proposal of bargaining groups along with the fiscal impact,
- 2) Continue negotiations behind closed doors with status reports to the Council in closed session,

- 3) Following the conclusion of the negotiation process, staff is to provide a two week review period of the proposals (including fiscal impacts) prior to final action being taken by Council at a subsequent meeting with the item placed on the Regular Agenda.

A motion was made to include to the Sunshining process to:

Direct Internal Affairs Committee to conduct a one-year review of the process and based upon that review, include the policy as a formal budget policy.

September 16, 2009 Memo from Internal Affairs Committee to Council.

The HR/RM Director recommended that the committee Review the "Transparency in Bargaining" process in 18 months after the renewal of the December 2010 contracts and based upon that review, either include the policy as a formal budget policy or modify as necessary.

September 11, 2012 Internal Affairs Committee

A verbal report was given supporting Transparency in Bargaining. Items discussed that supported the Transparency in Bargaining that were discussed included;

- 1) The previous HR/RM Director supported the process.
- 2) This process is very similar to the process that the educational system follows when sunshining proposals with the exception that the City has a requirement of showing the fiscal impact of all proposals.
- 3) Through sunshining proposals with the fiscal impact listed you have a true understanding of the total costs associated with a proposal. Sometimes parts of a proposal can appear to be relatively low in costs but when looking at the aggregate cost of the entire proposal you have a clear understanding of the financial impact.
- 4) Showing the proposal and the fiscal impact shows the big picture of the proposal to the public.
- 5) Sunshining proposals shows everyone what items are of interest or focus by the bargaining entity.

The process that has been followed is:

- 1) Sunshine the initial proposal of bargaining groups along with the fiscal impact,
- 2) Continue negotiations behind closed doors with status reports to the Council in closed session,
- 3) Following the conclusion of the negotiation process, staff is to provide a two week review period of the proposals (including fiscal impacts) prior to final action being taken by Council at a subsequent meeting with the item placed on the Regular Agenda.

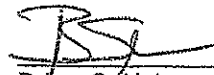
The Internal Affairs Committee asked for a written report of the process to date and the recommendation of staff regarding this item.

Reviewed by:



David Koll, Director of Human Resources/Risk Mgmt.

Approved by:



Brian S. Nakamura, City Manager

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